

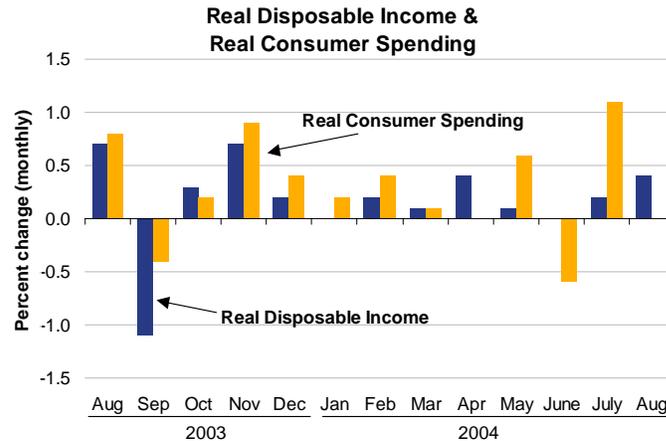


THURSDAY, September 30, 2004

INFLATION-ADJUSTED INCOME INCREASES IN AUGUST, CONSUMER SPENDING FLAT

Personal Income Estimates

The total after-tax income received by individuals, adjusted for inflation, increased 0.4 percent in August, and consumer spending increased less than 0.1 percent, according to estimates released today by the U.S. Bureau of Economic Analysis. In July, income had increased 0.2 percent, and spending had jumped 1.1 percent.



Real consumer spending eased across the board in August. Purchases of big-ticket items turned down after a sizeable increase in July; a downswing in motor vehicles was especially pronounced. Purchases of other items increased in August, but by less than they had increased in July.

Since August of last year, real disposable personal income has increased 1.6 percent, and real consumer spending has increased 2.9 percent.

Personal saving was 0.9 percent of disposable personal income in August 2004, up from 0.5 percent in July.

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—increased \$35.1 billion (or 0.4 percent) in August after increasing \$19.9 billion (0.2 percent) in July. Since August of last year, personal income has increased 5.0 percent.

- Wages and salaries, the largest component of personal income, increased almost \$22 billion in August.
- “Current transfer receipts” also increased almost \$22 billion. More than half of this increase represented net insurance settlements associated with Hurricane Charley, which struck the southeastern part of the United States in the middle of August.
- These increases were partly offset by a reduction in rental income of persons (and a much smaller reduction in proprietors’ income) to reflect uninsured losses of residential (and business) property.

A brief explanation of how disasters such as hurricanes are treated in personal income and in consumer spending is available on BEA’s Web site at:
<<http://www.bea.gov/bea/faq/national/disasters.htm>>.

BEA’s data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: Estimates of personal income and outlays for September, along with revised estimates for July and August, will be released on November 1, 2004.

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Bureau of Economic Analysis
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